

KANSAS PUBLIC WATER SUPPLY CAPACITY DEVELOPMENT PROGRAM

REPORT TO THE GOVERNOR

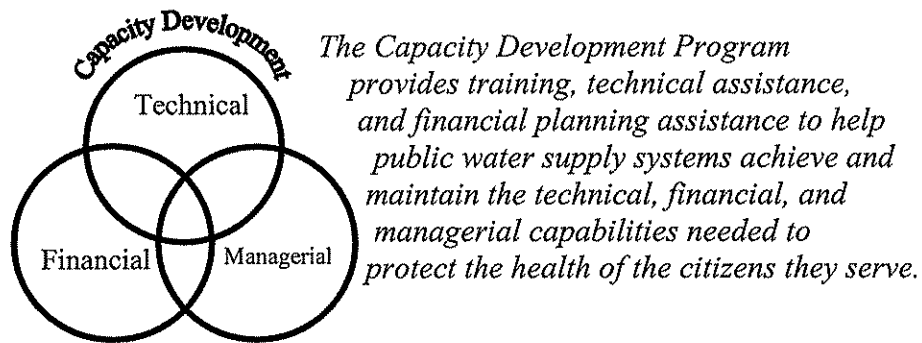
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Our Vision:
Healthy Kansans Living in Safe and Sustainable Environments



Our Mission:
To Protect the Health and Environment of all Kansans by Promoting Responsible Choices

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INTRODUCTION

On August 6, 1996, President Bill Clinton signed PL 104-182, more commonly known as the Safe Drinking Water Act (SDWA) Amendments of 1996. Section 1420 of the SDWA required states to prepare two strategies to assist public water suppliers in achieving technical, financial and managerial capacity. One strategy was prepared for the permitting of new systems. And the second was prepared to help existing systems. The Kansas Department of Health and Environment (KDHE) is the primacy agency responsible for preparation and implementation of the Kansas Capacity Development strategies.

The New Systems Capacity Development Strategy was submitted to the Environmental Protection Agency (EPA) and subsequently approved in September 1999. The New Systems Strategy ensures that KDHE will not issue a permit to a new system until it has demonstrated the technical, financial and managerial (TFM) capacity to comply with drinking water regulations and to protect the public health. As of September 2008, 14 new public water supply system applications have been approved.

The Kansas Capacity Development Strategy for Existing Systems was submitted to the Environmental Protection Agency in August 2000 and was approved in September 2000. The SDWA requires the head of the state primacy agency to submit to the Governor 2 years after adoption of the strategy and every 3 years thereafter, a report on implementation and efficacy of the state strategy. This report is submitted to the Governor to comply with the 3-year reporting requirement. Failure to prepare a strategy or submit the required reports results in reductions in the capitalization grant from EPA for the drinking water revolving loan fund.

WATER SYSTEM CAPACITY

Water system capacity is the ability to plan for, achieve, and maintain compliance with applicable drinking water standards. Capacity consists of three elements: **Technical**, **Financial**, and **Managerial (TFM)**. **Technical Capacity** or capability is the physical and operational ability of a water system to meet SDWA requirements, including the adequacy of physical infrastructure, technical knowledge and capacity of personnel, and adequate source water. **Financial Capacity** or capability is the ability of a water system to acquire and manage sufficient financial resources to allow the system to achieve and maintain compliance with SDWA requirements. **Managerial Capacity** or capability is the ability of a water system to conduct its affairs in a manner enabling the system to achieve and maintain compliance with SDWA requirements, including institutional and administrative capabilities. Properly managed systems have governing boards or authorities that create conditions that will help provide excellent service to its customers – at the least cost, while protecting the public health by complying with drinking water regulations.

Capacity development is the *process* of water systems acquiring and maintaining adequate technical, financial and managerial capabilities to ensure that systems consistently achieve the health objectives of the 1996 Safe Drinking water Act and meet both immediate and long-term challenges.

CAPACITY ASSURANCE – NEW PUBLIC WATER SUPPLY SYSTEMS

New System Permitting Overview

Under the 1996 amendments to the SDWA states are required to insure that new community and new non-transient, non-community (NTNC) public water supply systems have the technical, financial and managerial capability to meet current and future SDWA requirements. KDHE's New System Permit Application consists of two parts. Part 1 is the engineering and design component, which is reviewed and approved by the Engineering and Permitting Unit. Part 2 of the permit application is the technical, financial and managerial capacity assurance component. Upon approval of Part 1 and preliminary elements of Part 2, a conditional permit or a letter of approval is issued authorizing construction of the public water supply system. Before the system begins operation, the remaining elements in Part 2 of the application must be completed and approved. A final inspection must also be conducted and approval to initiate operations must be granted by KDHE.

New System Implementation and Program Efficacy

The Capacity Assurance Strategy for new systems includes a review and evaluation component that KDHE uses to determine if the review and permitting process is effective. Any new system appearing on either a significant non-compliance (SNC) listing, or a pre-SNC listing, will receive special review to ascertain why the new non-compliance is occurring. KDHE will evaluate whether the system's appearance on a SNC listing is because of any short-coming in the new system permitting process or whether the appearance is due to other reasons, such as not following a proposed budget or providing proper training for the system's certified operator. For the purposes of this report KDHE evaluated the 4 new systems permitted from the previous Report to the Governor in 2005, through 2007. Only one of these 4 new systems permitted under the New System Capacity Assurance Program had violations. The KDHE has determined that these violations are due to a lack of willingness on the part of the system's management to implement the appropriate treatment process rather than a problem with the permitting process. Technical assistance and enforcement procedures were implemented to help bring this system back into compliance.

CAPACITY DEVELOPMENT STRATEGY FOR EXISTING PUBLIC WATER SUPPLY SYSTEMS

Existing System Strategy Overview

In March 1999, KDHE convened the Kansas Capacity Development Workgroup and began work on developing the *Report of Findings* for the Kansas Capacity Development Strategy. Thirty drinking water stakeholders from across the State were invited to participate in the Workgroup. The Workgroup met 8 times during 1999 and 2000 and developed 15 recommendations for the Department to consider in the State Strategy.

Initially, KDHE selected 8 of the 15 Workgroup recommendations of for implementation in the Capacity Development Strategy for Existing Systems. These eight recommendations were considered to have the greatest potential to generate significant capacity gains in a relatively

short period of time. It was anticipated that the remaining 7 recommendations would be implemented as the Program matured and resources allowed. The status for all 15 recommendations is shown in tables 1 and 2.

Table 1 – Initial 8 Strategy Recommendations

Recommendation	Implementation Status
TFM Surveys for all community water systems	Implemented – Conducted every 3 years Change – See Attachment B (Item 1)
Require water use reports from all systems	Implemented – Required annually By DWR
Develop a PWS business planning guidebook	Implemented – Part of KanCap
Develop PWS finance training program	Implemented – KanCap/EFC Financial Tools
Require all systems to install customer meters	Changed – See Attachment B (Item 4)
Expand KDHE “Survival Guides” for PWS systems	Implemented – TCR, CCR, DBPR1, LT1ESWTR, IESWTR, FBRR, PNR http://www.kdheks.gov/pws/survival.html Capacity Development Fact Sheets: http://www.kdheks.gov/pws/capdev.html
Develop facilities management plan guidelines (Asset Management)	Under Development – Using EPA’s CUPSS Program & possible joint contract with NM State EFC and Boise State EFC
Develop board/council member education program	Implemented – KanCap

Table 2 – Remaining 7 Strategy Recommendations

Recommendation	Implementation Status
Kansas Lawmakers information packets	Changed – See Attachment B (Item 2)
“As Built” mapping assistance program	Changed – See Attachment B (Item 3)
Encourage partnerships among PWS systems	Implemented – KDHE Planning Grant Program, participate in KWO and/or local sponsored regional PWS planning activities
Develop drinking water public information program	Changed – Attachment B (Item 5)
Develop program to help select engineers/consultants	Implemented – Part of KanCap
Develop newsletter – KDHE spending, compliance, etc.	Changed – See Attachment B (Item 5)
Third-party assessment of KDHE resource needs	Removed – See Attachment B (Item 6)

Existing System Strategy Review and Modification

Periodic review and modification of the Strategy for Existing Systems is vital in keeping KDHE’s Capacity Development Program current and relevant to the needs of Kansas public water supply systems. Prior to each Report to the Governor, KDHE meets with the capacity development stakeholders. These meetings provide an opportunity for the stakeholders to review KDHE’s Strategy implementation efforts and offer advice on changes that may be needed. At the August 2005 meeting, the stakeholder group recommended minor changes to the Strategy (See Attachment A). The KDHE agreed to review these recommendations and revise the Strategy

where appropriate. As a result of this review, in 2007, the KDHE adopted Amendment 1 of the Capacity Development Strategy for Existing Systems based upon the recommendations of the stakeholders at the 2005 meeting (See Attachment B).

Existing System Strategy Implementation Highlights

Since the 2005 Report to the Governor, KDHE's primary focus has been on developing tools and implementing programs that help water systems achieve and maintain financial and managerial capacity. It is generally believed that if a water system has adequate financial and managerial capacities, technical capacity will follow. These tools and programs include: KanCap, Rate Checkup, EPA's Check Up Program for Small Systems (CUPSS) and the Regional Public Water Supply Planning Grant Program. A brief description of each tool or program is provided below.

KanCap

KanCap, developed under a contract with the Kansas Rural Water Association, is a voluntary education program consisting of an interactive CD and handbook designed for water system governing bodies. KanCap accommodates a variety of learning preferences ranging from formal classroom training to computer self-study. It includes video clips, interactive quizzes, and activities that provide information that decision makers need to know to stay in compliance with drinking water regulations. It is also designed for use as a reference tool once the training program is completed. The classroom training consists of three - 3 hour sessions. Each session focuses on one of the components of capacity (Technical, Financial, and Managerial). If all 3 sessions are successfully completed, the participant receives a Gold Level Certificate (described below). The goal of KanCap is to provide water system governing bodies with the information needed to make decisions that help protect the public health of the citizens they serve. Emphasis is placed on managerial and financial responsibilities.

The KDHE encourages participation in KanCap by providing incentives for board and council member participation. These incentives include additional credit in the ranking system for SRF loans and 3 levels of certification based on the number participants from an individual water system. The Gold Level is awarded to the individual board/council member. The Platinum Level is awarded to water systems with 50% to 79% board/council participation. The Diamond Level is awarded to water systems with 80% or more board/council participation. The Diamond Level systems receive the additional credit for the SRF loan. A new incentive added in 2007 provides 5 hours of credit for the Operator in Responsible Charge if attended with a majority of the operator's board or council.

Since program inception in 2005, a total of 330 people have participated in the KanCap classroom education program. Of these 330, 175 have successfully completed all 3 sessions and received a Gold Level certificate. Platinum Level certificates have been awarded to 13 public water supply systems and 5 systems received Diamond Level certificates. In addition, 6 operators received 5 hours of continuing education credit for attending with a majority of their board or council.

Each participant in the KanCap classroom education program is asked to complete an anonymous evaluation form (see Attachment C). This form helps the KDHE evaluate the

effectiveness of the classroom program. The evaluation addresses both the quality of the material presented and the effectiveness of the instructor. For the purposes of this report, the KDHE selected 3 of the 6 questions on the evaluation form for analysis.

These questions relate to the topics discussed (Q.1), if the time spent was worthwhile (Q.4), and if the instructor was well prepared (Q.6). The KDHE selected these 3 questions because they provide the most important data from the evaluation form for analysis of the program. Table 3 illustrates the results of the analysis for these 3 questions.

As the Legend at the bottom of Table 3 indicates, rankings of 1 are the most desirable and 5 are the least desired. The KDHE considers a response of 1 or 2 as a highly acceptable score. The table shows the actual number of responses for each question with the percentages for that response shown below the actual count. The table illustrates that all classroom sessions show a combined ranking of 1 and 2 over 80% for each of the questions selected for analysis. The KDHE considers this a very successful start to the KanCap Classroom Education Program and will use these evaluations to modify the classroom program as needed to keep the sessions useful for future participants

Table 3 – KanCap Classroom Training Evaluations Summary

Managerial Section Evaluation	1	2	3	4	5	9	NR	Total	254	Combined 1 & 2
Topics Covered (Q. 1 – Attachment C)	166	59	18	4	0	7	0	254		225
Percent (Q. 1)	65%	23%	7%	2%	0%	3%	0%	100%		89%
Worth Time (Q. 4 – Attachment C)	132	94	17	3	2	0	6	254		226
Percent (Q.4)	52%	37%	7%	1%	1%	0%	2%	100%		89%
Trainer Prepared (Q. 6 – Attachment C)	201	39	6	3	3	0	2	254		240
Percent (Q.6)	79%	15%	2%	1%	1%	0%	1%	100%		94%
Financial Section Evaluation	1	2	3	4	5	9	NR	Total	269	Combined 1 & 2
Topics Covered (Q. 1 – Attachment C)	133	95	30	7	1	3	0	269		228
Percent (Q.1)	49%	35%	11%	3%	0%	1%	0%	100%		85%
Worth Time (Q. 4 – Attachment C)	119	109	29	2	5	0	5	269		228
Percent (Q.4)	44%	41%	11%	1%	2%	0%	2%	100%		85%
Trainer Prepared (Q. 6 – Attachment C)	160	72	26	5	2	0	4	269		232
Percent (Q.6)	59%	27%	10%	2%	1%	0%	1%	100%		86%
Technical Section Evaluation	1	2	3	4	5	9	NR	Total	247	Combined 1 & 2
Topics Covered (Q. 1 – Attachment C)	132	80	16	3	2	14	0	247		212
Percent (Q.1)	53%	32%	6%	1%	1%	6%	0%	100%		86%
Worth Time (Q. 4 – Attachment C)	140	66	22	6	1	0	12	247		206
Percent (Q.4)	57%	27%	9%	2%	0%	0%	5%	100%		83%
Trainer Prepared (Q. 6 – Attachment C)	157	46	20	8	2	0	14	247		203
Percent (Q.6)	64%	19%	8%	3%	1%	0%	6%	100%		82%

Legend:

Topics Covered: 1 = Very Valuable through 5 = Not Valuable

Worth Time: 1 = Very Much through 5 = Very Little

Trainer Prepared: 1 = Very Much through 5 = Very Little

9 = No Opinion, NR = No Response, Combined 1 & 2. = Total of 1 & 2 Rankings

To encourage technical assistance (TA) provider participation and thereby increase the number of KanCap Classroom Education Program training opportunities, Train-the-Trainer sessions are periodically conducted for TA providers on classroom techniques using the CD and manual. It is expected that after the training, TA providers will use or incorporate KanCap into their existing training programs.

The KDHE is also using part of the drinking water revolving loan fund set-aside to contract with Ranson Financial Consultants and the Kansas Rural Water Association to conduct KanCap classroom sessions in each of the 6 KDHE districts. It is hoped that this will increase the number of board and council participants in the program.

Financial Planning Tools and Assistance

KDHE contracted with the Environmental Finance Center (EFC) at Boise State University to develop a Kansas specific rate-setting and financial planning tool that is available via the internet to all Kansas water systems. Under the contract, the EFC provides a statewide license for Rate Check-up. As part of the contract the EFC developed a website that will enable water systems to log on and download the software tools.

In SFY 2008, 68 public water supply systems downloaded Rate Checkup. KDHE provided technical assistance through a contract with Ranson Financial Consultants to 12 of these 68. Under the contract, Ranson will provide 1 year of technical assistance on rate-setting using Rate Checkup at no charge to the systems. Currently EPA is working with the EFC to integrate Rate Checkup with the EPA's Check Up Program for Small Systems (CUPSS). CUPSS is an asset management planning tool developed by EPA and is made available free of charge to drinking water and waste water systems. Once this effort is complete public water supply systems will have free access to a suite of tools that will assist in asset management implementation, operation and maintenance tracking, financial planning and rate setting.

Water systems will be able to use CUPSS and Rate Checkup to review budgets, rates and financial planning procedures. These software tools generate reports that will help the system achieve and maintain financial capacity, including a rate analysis that illustrates the rates required to maintain long-term financial health and keep the system in compliance.

Additionally, KDHE contracts with Ranson Financial Consultants, LLC to provide on-site financial planning assistance including budget review and capital improvement planning. This assistance includes a complete review of the system's budgets, audits, rates and financial planning procedures. A report is provided to the system with recommendations that will help the system achieve and maintain financial capacity, including a rate analysis that illustrates the rates required to maintain long-term financial health. KDHE uses the Capacity Development Survey, enforcement actions, referrals from the district offices and TA providers to identify water systems eligible for this on-site assistance. Special emphasis is focused on systems with drinking water violations. It is anticipated that this contract will be renewed annually.

Regional Public Water Supply Planning Grant Program

The Regional PWS Planning Grant Program provides 50% matching funding for preliminary engineering studies that evaluate regional solutions to address public water supply

system needs and challenges. KDHE uses a portion of the drinking water loan fund set-aside to provide up to \$12,500.00 to match funding provided by the project sponsors for these studies. This program was started in SFY 2004, and to date, five studies have been approved or funded. These 5 studies have the potential to benefit a total of 55 public water supply systems (see table 4). KDHE has the ability to provide cost-share funding for approximately 4 regional PWS studies per year. The planning grant application and program instructions are available on KDHE's capacity development webpage: <http://www.kdheks.gov/pws/capdev.html>.

Table 4 – Regional PWS Planning Grant Projects

<i>Project Sponsors</i>	Systems Benefiting	Status
Hillsboro-Marion Water Cooperative	Hillsboro, Marion, Peabody, Marion Water Improvement Dist. #2	Study Complete – will not construct joint system
Elk River PWWSD #24 (Elk City, Howard, Longton, Severy, & Moline)	Elk City, Howard, Longton, Moline, Severy, EK Co RWD #1, MG Co #13	Study Complete – PWWSD #24 is pursuing consolidation with PWWSD #20 as the best solution. Project dependent upon agreement by #20 and USDA/RD funding. Construction of this project will result in decommission of 5 small surface water treatment plants that are currently out of compliance.
Pomona Lake Water Cooperative	DG Co RWDs #2, #3, & #5, OS Co RWDs #2 & #8, SN Co RWD #8 and Overbrook	Study Complete – Most feasible option is to pursue development of 2 wholesale water systems: DG 2&5, OS 2&5 and Overbrook will pursue KS River east of Lawrence and DG 3 and SN 8 will pursue KS River between Topeka & Lawrence.
Sunflower H2O	34 PWS systems in Barber, Comanche, Harper, Kingman, Kiowa & Pratt Counties in Kansas and 9 PWS systems in Oklahoma	Study Complete – This study completed Phase I of a multi-phase project. Project sponsors may seek state/federal cost share funding from Bureau of Reclamation or Tulsa District Corps of Engineers for future phases.
PWWSD #25	Douglas Co. RWDs 2 & 5, Osage Co. RWD 5	This project stems from the results of the findings from the Pomona Lake Water Cooperative Study. Study results are not completed at the time of this Report.

Efficacy of Existing System Strategy

The Capacity Development Workgroup recommended that KDHE use a water system survey to measure improvements in water system capacity. Prior to the 2002 Report to the Governor, KDHE developed and completed the first Capacity Development Survey. This survey established the baseline data that enables KDHE to measure improvements or identify weaknesses in water system capacity. The survey is also used to identify areas where additional emphasis or assistance is needed to help systems achieve and maintain TFM capacity. The survey is conducted every 3 years in conjunction with the Report to the Governor. The analysis of the 2008 survey indicates mixed results in overall improvement in water system capacity when compared with the 2002 and 2005 surveys. A comparison of 2002 and 2005 indicates overall improvement in each priority category. The 2008 results show improvement in the low priority rankings, but also indicate an increase in the high priority rankings.

Each water system is assigned a score based upon the survey responses. After the scores are calculated, the systems are divided into High, Medium or Low priority categories. Placement in the high category indicates the system has insufficient capabilities in all three areas (TFM) of capacity development or is extremely deficient in one area. These are also the systems that often have drinking water compliance problems. Water systems in the medium category usually comply with regulations and may have only a few TFM related deficiencies. The low priority category includes the water systems that demonstrate sufficient TFM capabilities and are the least likely to have compliance problems. Table 5 summarizes the results of the 2008 Survey. The ultimate goal is to have the fewest number of systems in the high category with the majority of water systems in the low category.

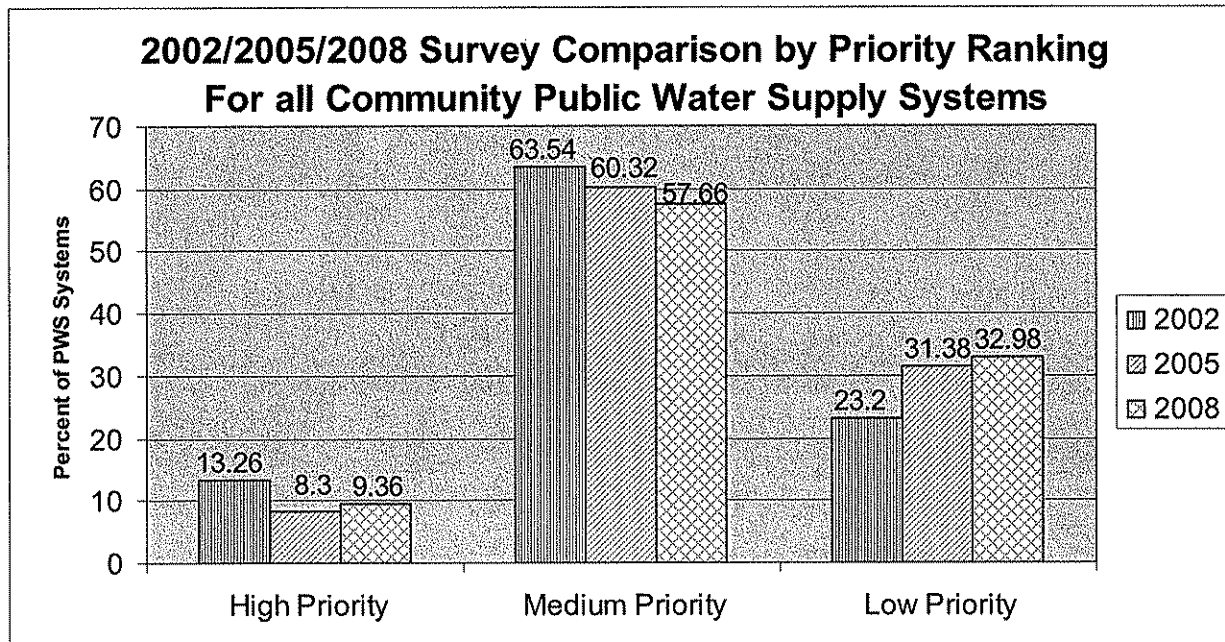
In the past, KDHE has focused assistance to systems in the high category. Based on the numbers in Table 5, KDHE needs to increase efforts to help water systems in the medium category move to the low category. These scores will be used in conjunction with compliance data, sanitary surveys and information from the district offices to prioritize water systems most in need of assistance.

Table 5 – 2008 TFM Capacity Development Survey Summary

Total Possible Points on Survey		124
Highest Score (2 systems)		86
Lowest Score (2 systems)		2
Priority Ranking Summary		
Priority Category	Points	Number of Systems
High	40 or More Points	80 9.36%
Medium	20 to 39 Points	493 57.66%
Low	19 Points or Less	282 32.98%
Total Number of Surveys Analyzed		855 100.00%

One of the other purposes of the Survey is to compare, every 3 years, the progress water systems are making towards achieving and maintaining TFM capacity. Chart 1 provides a comparison among the 2002, 2005 and 2008 surveys. The comparison of 2002 and 2005 indicates overall improvement in each priority category. The 2008 results show a slight improvement in the low priority rankings, but also indicate a small increase in the high priority rankings. The goal of the program between 2005 and 2008 was to reduce the number of systems in the medium category by moving them to the low category. While it appears that some systems did move from medium to low, the slight increase in the number of systems in the high category would indicate that some medium category systems dropped to the high category. This reinforces the need for KDHE to focus more effort on improvements for systems in the medium category while continuing to provide technical assistance to those systems in the high category.

Chart 1 – Survey Comparison by Priority Ranking for all Community Systems



Studies conducted by EPA indicate that small drinking water systems face greater difficulties in achieving and maintaining TFM capacity and therefore experience higher non-compliance rates with drinking water regulations. In order to determine if small systems in Kansas also face more challenges in achieving and maintaining TFM capacity, KDHE analyzes the TFM survey by population. Table 6 shows the comparison among the 2002, 2005 and 2008 surveys by population. Analysis of the survey data is consistent with EPA conclusions that small systems experience greater difficulties. The survey data for all three years indicates that the systems with the highest percentage of systems in the high priority category are those systems serving a population of 500 or less. These results indicate that KDHE needs to continue to place emphasis on small drinking water systems and focus additional technical assistance to those systems most in need.

Table 6 – 2002/2005/2008 Capacity Development Survey Comparison

	2002 Survey	2005 Survey	2008 Survey
Surveys Mailed	904	909	887
Surveys Analyzed	875	819	855
Percent Analyzed	97%	90%	96%
Population 500 or Less	Total No. of Systems 465	Total No. of Systems 417	Total No. of Systems 454
High Priority	21% (97)	15% (63)	16% (72)
Medium Priority	69% (321)	66% (276)	64% (290)
Low Priority	10% (47)	19% (78)	20% (92)
Population 501 to 3,300	Total No. of Systems 333	Total No. of Systems 321	Total No. of Systems 321
High Priority	5% (16)	1% (4)	2% (6)
Medium Priority	60% (199)	56% (180)	52% (166)
Low Priority	35% (118)	43% (137)	46% (149)
Population 3,301 or More	Total No. of Systems 77	Total No. of Systems 81	Total No. of Systems 80
High Priority	4% (3)	1% (1)	3% (2)
Medium Priority	47% (36)	47% (38)	46% (37)
Low Priority	49% (38)	52% (42)	51% (41)

Three conclusions can be drawn from analysis of the survey. First, although the improvements in the priority rankings are not as great as KDHE anticipated, the survey still shows an overall improvement in the Low Priority Ranking category. This indicates that the Capacity Development Program is working and the Department should continue implementation of the Strategy for Existing Systems. Second, a higher rate of improvement needs to be achieved for systems in the medium priority category. And third, because there was a small increase in the percentage of systems in the High Priority Category in all population groups, KDHE should increase efforts to provide assistance to all systems regardless of population.

OTHER KDHE PROGRAMS RELATED TO CAPACITY DEVELOPMENT

Source Water Protection Program

The Source Water Protection Program uses the source water assessments completed for approximately 763 public water supply systems in 2004 as the basis for source water protection planning. The Source Water Protection Program is completely voluntary and plans are developed at the request of public water supply system or city management representatives. Watershed Management staff at KDHE work in cooperation with representatives of the Kansas Rural Water Association to complete these protection plans.

The assessments completed in 2004 are utilized in the planning stages for any new protection plan. Since 2004, twenty-five (25) source water protection plans have been completed using the assessments. Additionally, nine public water supply systems are in various stages of completing a source water protection plan. Public water supply systems interested in developing a source water protection plan can begin by reviewing their source water assessments. The assessment reports can be accessed at: <http://www.kdhe.state.ks.us/nps/swap>.

Future plans for the source water protection program include incorporating source water protection plans for public water supply systems into the Watershed Management and Restoration Strategy (WRAPS) planning stage. Local stakeholder leadership teams will help public water supply personnel complete a plan that can be utilized in the implementation phase of the WRAPS process.

Operator Certification Program

Kansas has a long established Operator Training Program beginning with the first Operator Training School in 1920. This first school was a joint effort of the Kansas Department of Health and the University of Kansas. The school continues to be held annually, with the 89th event conducted on August 5-8, 2008.

The Kansas Water Works Association and the Kansas Water Pollution Control Association in cooperation with the Kansas Department of Health gave the first voluntary water and wastewater certification examinations in 1954. In 1975 the Kansas Legislature passed K.S.A. 65-4501 *et seq.*, requiring a mandatory Water and Wastewater Operator Certification Program. This law requires all public water supply water systems to have a certified operator regardless of size. Kansas has five levels of classification for certified operators based upon population served and system complexity. The Certified Operator Program in Kansas has

worked very well as demonstrated by the 2008 Capacity Development Survey. The survey indicates that 95% of public water supply systems in Kansas have operators with the appropriate level of certification.

The 1996 amendments to the Safe Drinking Water Act require all states to have a mandatory certified operator program. EPA approved KDHE's program in February 2002. Approval of the program qualifies KDHE for a grant from EPA to implement a certified operator training assistance program. Since Kansas has a well established operator training program the focus of the grant is to provide assistance to systems that have Operators-in-Training to ensure that the systems are being properly operated until such time the operator becomes fully certified. The grant will also provide support for the Kansas Backup Operator Program (KBOP). KBOP provides funding for small systems to have a certified backup operator ready and willing to operate the system in the event the primary operator is not available. Emergency planning and vulnerability assessment training is also funded with the grant.

Six workshops were held throughout the State that provided training on conducting vulnerability assessments and preparing an emergency response plan. KDHE also used the grant to contract with outside providers for the development of an operator training manual and materials for small systems.

Kansas Public Water Supply Loan Fund Program

The Fund is a revolving loan fund program that provides financial assistance in the form of loans to Kansas municipalities, at below market interest rates, for the construction of public water supply system infrastructure. Kansas Statutes (65-163d through 163u) establishing the Loan Fund were passed by the 1994 legislature. However, enabling legislation at the Federal level for the public water supply revolving loan fund was not in place until President Clinton signed the SDWA Amendments of 1996 in August 1996. EPA accepted the Kansas statutes as meeting the requirements of the SDWA.

The Loan Fund is made possible by receipt of capitalization grants from the EPA. Between federal fiscal years 1997 and 2007 Kansas received a total of \$118,482,800.00 from EPA in grants. The Loan Fund is operated as a reserve account leverage program. In a reserve account leverage program, the EPA capitalization grant is not loaned directly to municipalities. Instead, the grant is deposited into a reserve account, and pledged as security for repayment of state issued revenue bonds. Proceeds from the revenue bonds are loaned to the municipalities. The reserve fund is invested, and the interest earnings are combined with the loan repayments from municipalities to buy down the loan's interest rate. Municipalities are charged interest rates equal to 80% of the previous three months average of the Bond Buyers 20 Bond Index. The Loan Fund leverages at a ratio of four to one, that is, four dollars can be borrowed for every dollar placed into reserve. Kansas is the only state in the country with the ability to leverage at this high of a ratio.

Since the Program's inception in 1997, 181 loans have been closed for a total of \$411,193,436.46. One of the stated goals of the Program is to provide loans to small public water supply systems. The SDWA requires that 15% of the loan assistance provided must be to systems serving less than 10,000 customers. Kansas law takes this one step further and requires that 20% of available loan funds go to systems with a population less than 5,000. Small systems

have received 130 of the 181 loans made since the program began, amounting to \$156,180,495.83 or approximately 37.98% of the total dollar amount of loans closed.

The SDWA prohibits loans to systems that are not in compliance with drinking water standards unless such loans would bring the system into compliance. The SDWA further prohibits loans to systems that do not demonstrate technical, financial and managerial capacity unless such systems agree to make the necessary changes in operations including but not limited to management, accounting, rate structure or other procedures that would ensure TFM capacity over the long term. Loans awarded under the Program have helped systems achieve and maintain compliance with SDWA regulations. As new regulations are implemented loans will continue to help systems meet the ever increasing challenges they face in achieving compliance. In addition, the KDHE contracts with the Kansas Rural Water Finance Authority (KRWFA) to conduct financial reviews for all systems applying for a loan.

The KRWFA enters into agreement with water districts and small towns that require reporting assistance in order to participate in the Loan Fund. This agreement is for the life of the loan and this oversight assures the financial capacity and ability of the systems to repay the loan. This in turn qualifies them for the same interest rate as the large municipalities with bond ratings that participate in the Loan Fund Program.

Kansas Public Water Supply Loan Fund: Small System Technical Assistance 2% Set Aside

Technical assistance is provided to small systems (less than 10,000) through a contract with the Kansas Rural Water Association. Through this contract the KRWFA will provide technical assistance to small systems to help achieve safe drinking water act compliance, develop and maintain proper operation and maintenance procedures, develop appropriate management procedures and provide technical assistance to systems using surface water as their source of supply. The KRWFA annually provides a minimum of 1775 hours of on-site technical assistance for compliance, operation and maintenance, and management procedures to small public water suppliers. It is anticipated that technical assistance provided under this contract will help prevent safe drinking water act compliance problems before they occur. It is also anticipated that this contract will be renewed on an annual basis.

REPORT AVAILABILITY

The SDWA requires that the State make this report available to the public. The Department will post this report on the KDHE Public Water Supply Capacity Development web page. The Capacity Development web page address is:
<http://www.kdheks.gov/pws/capdev.html>.

Other Capacity Development Reports available by request or from the web page include:

- ❖ Report of Findings on Improving the Technical, Financial and Managerial Capacity of Kansas' Public Water Systems, July 2000
- ❖ State of Kansas Capacity Development Strategy for Existing Public Water Supply Systems, August 1, 2000

ATTACHMENT A

2005 Proposed Changes

To

**Capacity Development Strategy
For
Exiting Public Water Supply Systems**

2005 Proposed Changes to Strategy for Existing PWS Systems

Original Recommendation	Proposed Action
Require all systems to install customer meters	Change from a requirement to a recommendation for all systems. This impacts approximately 17 community water systems. DWR & KWO will consider modifying Conservation Plan Guidelines to require customer meters for plan approval (will not apply to all systems, only those required to develop a plan).
Expand KDHE "Survival Guides" for PWS systems	Continue to develop guides as new rules are adopted, currently working on guide for very small systems (mobile home parks, homeowners associations, etc.)
Develop facilities management plan guidelines (Asset Management)	Develop using existing tools (CapFinance, EPA information) where possible.
Kansas Lawmakers information packets	It is not necessary to provide a packet to all lawmakers. However, KDHE should make the Report to the Governor available to interested lawmakers. Provide notification to appropriate committee chairs or send postcard notification to all legislators (KDHE will determine which approach to take).
"As Built" mapping assistance program	Financial resources only allow for the update of RWD boundaries and facilities currently under development. Should try to add cities in the future. "As Built" maps should be the responsibility of the individual water systems.
Develop drinking water public information program	Provide additional information/templates for water systems to use to enhance CCRs
Develop newsletter – KDHE spending, compliance, etc.	Provide articles for stakeholders' publications and the annual KDHE Operator Newsletter
Third-party assessment of KDHE resource needs	Remove from strategy. Legislature approved additional staffing requests for the public water supply supervision program and the PWS Fee Fund. An evaluation of resource needs is no longer necessary.

ATTACHMENT B

Capacity Development Strategy

For

Existing Public Water Supply Systems

Amendment 1

**State of Kansas
Capacity Development Strategy**

for

Existing Public Water Supply Systems

Amendment 1



**Kansas Department of Health and Environment
Division of Environment
Bureau of Water**

State Fiscal Year 2007

Introduction

The Kansas Capacity Development Strategy for Existing Public Water Supply Systems was approved by the U.S. Environmental Protection Agency in September 2000. This Amendment to the Strategy modifies some of the original 15 recommendations made by the Capacity Development Workgroup to the Kansas Department of Health and Environment (KDHE). In most instances these modifications involve only minor changes that reflect more accurately how KDHE is implementing the Existing Public Water Supply Systems Strategy. Only the recommendations that are changed or removed are discussed in this Amendment. The original recommendation is shown in regular font and the change is in italics.

In addition to the modifications to the original recommendations, KDHE added one new program to the Capacity Development Strategy for Existing Systems during State Fiscal Year 2007. This program is the Capacity Development Achievement Awards and is discussed at the end of this document. For additional information on the Awards Program please refer to the KDHE Capacity Development Webpage: <http://www.kdheks.gov/pws/capdev.html>

Changes to the Strategy for Existing Public Water Supply Systems

1. Statewide benchmarking that can be used to identify general positive and negative trends developing in Kansas water systems. The Kansas Water Office in conjunction with other agencies and technical assistance providers will create a voluntary survey designed to incorporate TFM criteria. The results will help the State analyze how to utilize limited technical assistance to best aid water systems. Initial discussions were that the survey would be conducted on a voluntary basis. After further discussion, the workgroup agreed that the survey should be mandatory and that the survey should be repeated every three years.

Change: The Kansas Department of Health and Environment (KDHE) and the Kansas Water Office agreed that KDHE should conduct the surveys. The KDHE conducted surveys in 2002 and 2005 with a response rate of 97% in both years. Based on this response rate, the KDHE has determined that a regulation requiring mandatory completion of the survey is not necessary.

2. Provide State lawmakers with an information package detailing TFM and why the State is promoting capacity assessment and improvement for public water systems.

Change: The Report to the Governor provides information regarding the Capacity Development Strategies for the State of Kansas. A separate information package for lawmakers would be redundant. The KDHE will make the Report to the Governor available to all interested lawmakers. In addition, notification of the Report to the Governor will be sent to the appropriate committee chairs.

3. KDHE should investigate the feasibility of developing a water system “as built” mapping assistance program.

Change: The KDHE provided funding to the Kansas Water Office (KWO) to update rural water district boundary maps that were previously developed. “As Built” maps should be the responsibility of the individual water systems.

4. Establish rules relative to water meter use. This information is critical for rate setting and for daily system operations.

Change: This recommendation required the State of Kansas to develop rules and regulations requiring customer meters at all public water supply systems. The KDHE or the Department of Agriculture, Division of Water Resources (DWR) does not have the necessary authority to require public water supply systems to install customer meters. The KDHE, KWO, and DWR strongly recommend customer meters for all public water supply systems. The new 2007 Water Conservation Plan Guidelines indicate that customer meters are needed for approval of Water Conservation Plans.

5. The KDHE should take a proactive approach in providing information to public water systems that is accurate and understandable. The workgroup recommended ideas such as a periodic newsletter and a CCR-style report that would include an accounting of how water supply fees were spent in addition to a summary of annual compliance data and KDHE activities.

Change: The KDHE publishes Capacity Development Program articles in the Operator Newsletter, provides information for technical assistance provider publications and posts information on the KDHE webpage. In addition information relating to the use of capitalization grant funds is provided in the Annual Work Plan for the SRF program. Creating and publishing an additional newsletter would be redundant and would require resources that can be better used elsewhere.

6. The Workgroup recommends a third-party assessment of current and future program resource needs to provide information to overcome the perception that KDHE personnel resources have not kept pace with the new responsibilities of the State Drinking Water Protection Program.

Remove: The Kansas Legislature approved additional staffing requests for the public water supply supervision program and the PWS Fee Fund. An evaluation of resources need is no longer necessary.

Addition to the Strategy for Existing Public Water Supply Systems

During State Fiscal Year 2007 the KDHE added the Capacity Development Achievement Award Program to the Strategy for Existing Public Water Supply Systems. The Award Program is designed to recognize public water supply systems that demonstrate excellence in achieving and maintaining technical, financial and managerial capacity. The awards are given annually. Up to 5 awards will be given to systems serving a population of 500 or less. Up to five additional awards will be given for systems serving a population between 501 and 3,300. One award each will be granted for systems serving between 3,301 and 10,000; and for 10,001 or more. One public wholesale water supply district will be also be given an award each year.

ATTACHMENT C

KanCap Education Program Evaluation Form

KanCap Board/Council Education Program
Workshop Evaluation Form

Please help KDHE and the Trainers do a better job by taking a few moments to fill in this brief form.

Date: _____ Workshop Attended(circle one): Managerial Technical Financial

Training provided by: Organization _____ Trainer's
Name _____

Please indicate your opinion where 1 = Very valuable and 5 = Not valuable.

1. Workshop:	Very valuable				Not valuable	No Opinion
• Topics covered	1	2	3	4	5	9
• Group Activities/MindMeters	1	2	3	4	5	9
• Video Clips	1	2	3	4	5	9
• Quizzes	1	2	3	4	5	9

2. What did you like best about this workshop? (Use other side if necessary)

3. What did you like least? (Use other side if necessary)

4. To what extent was this workshop worth your time, where 1= Very much and 5= Very little?

1 2 3 4 5

5. Please use this space for any additional comments. (Use other side if necessary)

6. Was the instructor well prepared and effective in presenting the information?

1=Very much and 5=Very little: 1 2 3 4 5